

Kentucky Office of Insurance
Checklist
Group Life Insurance

GENERAL FILING REQUIREMENTS	REFERENCE	COMMENTS
Rate and form filing requirements	806 KAR 14:005 Section 2	Life, annuity, and viatical settlement form filings shall be accompanied by a Life, Annuity, Credit Transmittal Document, Form L-TD.
	Section 3	An entity may include in a filing for a particular insurance company any number of forms or documents, filed together on a particular date, pertaining to a single line of insurance.
	Section 4	The period of time in which the executive director may approve or disapprove the filing shall not begin until both the filing and appropriate fee are received by the office.
	Section 5	A policy or contract form shall not be used in Kentucky until:
		(1) It has been approved; and
		(2) If rates for the form are required by law to be approved, the appropriate rate schedule has been approved.
	Section 6	Each form document, including riders and endorsements, shall be identified by a form number in the lower left-hand corner of each page of the document.
	Section 7	If a filing includes a form which amends, replaces, or supplements a form which has been previously filed and not disapproved, it shall be accompanied by a letter of explanation from the filing entity establishing:
		(1) All changes contained in the newly-filed form;
		(2) Any effect the changes have upon the hazards purported to be assumed by the policy;
		(3) The rates applicable to the policy, if required; and
		(4) A revised form number.
	Section 8	If a filing is disapproved, the form numbers used on each form within this filing shall not be used on any form of a future filing.
	Section 9	(1) Facsimile signatures of company officers, attorneys-in-fact, employees, and representatives shall not be required and shall not be submitted with any filing.
		(2) A change of signature of the executing officer on a policy form shall not, because of this change alone, require a new filing.
	Section 10	(1) Life insurance companies may file their rates and forms in an electronic format established by the National Association of Insurance Commissioners, in the manner prescribed by that format.
		(2) An electronic filing through the National Association of Insurance Commissioners shall substitute for any physical filing.
Minimum standards for the readability and intelligibility of insurance contracts	806 KAR 14:121	Requires a minimum forty (40) on the Flesch reading ease test. Refer to regulation for specifics.
Filing and approval of forms	KRS 304.14-120 (1)	As to group insurance policies issued and delivered to an association outside this state but covering persons resident in this state, all or substantially all of the premiums for which are payable by the insured members, the group certificates to be delivered or issued for delivery in this state shall be filed with and approved by the executive director.

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REVIEW REQUIREMENTS	REFERENCE	COMMENTS
Contracts must meet group requirements	KRS 304.16-020	<p>(1) No contract of life insurance shall be delivered in this state insuring the lives of more than one (1) individual unless to one (1) of the groups as provided for in KRS 304.16-030 to 304.16-090, inclusive, and unless in compliance with the other provisions of those sections.</p> <p>(2) Subsection (1) of this section shall not apply to contracts of life insurance:</p> <p>(a) Insuring only individuals related by marriage, by blood, or by legal adoption;</p> <p>(b) Insuring only individuals having a common interest through ownership of a business enterprise, or of a substantial legal interest or equity therein, and who are actively engaged in the management thereof; or</p> <p>(c) Insuring only individuals otherwise having an insurable interest in each other's lives.</p> <p>The lives of a group of individuals may be insured under a policy issued to an employer, or to the trustees of a fund established by an employer, which employer for the benefit of persons other than the employer, subject to the following requirements:</p>
Employee Groups	KRS 304.16-030	<p>(1) The employees eligible for insurance under the policy shall be all of the employees of the employer, or all of any class or classes thereof determined by conditions pertaining to their employment. The policy may provide that the term "employees" shall include the employee of one (1) or more subsidiary corporations, and the employees, individual proprietors, and partners of one (1) or more affiliated corporations, proprietors or partnerships if the business of the employer and of such affiliated corporations, proprietors or partnerships is under common control through stock ownership, contract or otherwise. The policy may provide that the term "employees" shall include retired employees. No director of a corporate employer shall be eligible for insurance under the policy unless such person is otherwise eligible as a bona fide employee of the corporation by performing services other than the usual duties of a director. No individual proprietor or partner shall be eligible for insurance under the policy unless he is actively engaged in and devotes a substantial part of his time to the conduct of the business of the proprietor or partnership. A policy issued to insure the employees of a public body may provide that the term "employees" shall include elected or appointed officials.</p> <p>(2) The premium for the policy shall be paid by the policyholder, either wholly for the employer's funds or funds contributed by him, or partly from such funds and partly from funds contributed by the insured employees. Except as provided in subsection (3) of this section, a policy on which no part of the premium is to be derived from funds contributed by the insured employees shall insure all eligible employees, except those who reject the coverage in writing.</p> <p>(3) An insurer may exclude or limit the coverage on a person for whom evidence of individual insurability is not satisfactory to the insurer.</p> <p>(4) The amounts of insurance under the policy must be based upon some plan precluding individual selection either by the employees or by the employer or trustees.</p> <p>The lives of a group of individuals may be insured under a policy issued to a creditor, or its parent holding company, or to a trustee, or trustees, or agent appointed by two (2) or more creditors, which creditors, holding company, affiliate, trustee, trustees, or agent shall be deemed the policyholder, to insure debtors of the creditor, subject to the following requirements:</p>
Debtor Groups	KRS 304.16-040	<p>(1) The debtors eligible for insurance under the policy shall be all of the debtors of the creditor or creditors, or all of any class or classes thereof.</p>

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		<p>(2) The policy may provide that the term "debtors" shall include:</p> <p>(a) Borrowers of money or purchasers or lessees of goods, services, or property for which payment is arranged through a credit transaction;</p> <p>(b) The debtors of one (1) or more subsidiary corporations; and</p> <p>(c) The debtors of one (1) or more affiliated corporations, proprietorships, or partnerships if the business of the policyholder and of such affiliated corporations, proprietorships, or partnerships is under common control.</p> <p>(3) The premium for the policy shall be paid by the policyholder, either from the creditor's or creditor's funds, or from charges collected from the insured debtors, or from both. A policy on which no part of the premium is to be derived from the funds contributed by insured debtors specifically for their insurance shall insure all eligible debtors, or all except any as to whom evidence of individual insurability is not satisfactory to the insurer.</p> <p>(4) The amount of the insurance on the life of any debtor shall at no time exceed the greater of the scheduled or actual amount of the unpaid indebtedness to the creditor, except that insurance written in connection with open-end credit having a credit limit exceeding ten thousand dollars (\$10,000) shall be in an amount not exceeding the credit limit.</p> <p>(5) The insurance shall be payable to the creditor or any successor to the right, title, and interest of the creditor. Such payment shall reduce or extinguish the unpaid indebtedness of the debtor to the extent of such payment and any excess of the insurance shall be payable to the estate of the insured.</p> <p>(6) Notwithstanding the provisions of this section, insurance on agricultural credit transaction commitments may be written up to the amount of the loan commitment on a nondecreasing or level term plan, and insurance on educational credit transaction commitments may be written up to the amount of the loan commitment less the amount of any repayments made on the loan.</p>
Labor Union Groups	KRS 304.16-050	<p>The lives of a group of individuals may be insured under a policy issued to a labor union, which shall be deemed the policyholder, to insure members of such union for the benefit of persons other than the union or any of its officials, representatives or agents, subject to the following requirements:</p> <p>(1) The members eligible for insurance under the policy shall be all of the members of the union, or all of any class or classes thereof determined by conditions pertaining to their employment, or to membership in the union, or both. The policy may provide that the term "member" shall include retired members;</p> <p>(2) The premium for the policy shall be paid by the policyholder from the union's funds, from funds contributed by the insured members specifically for their insurance, or from both. A policy may be issued on which the entire premium is to be derived from funds contributed by the insured members specifically for their insurance;</p> <p>(3) A policy on which no part of the premium is to be derived from funds contributed by the insured members specifically for their insurance must insure all eligible members with the following exceptions:</p> <p>(a) An insurer may exclude or limit the coverage on any person for whom evidence of individual insurability is not satisfactory to the insurer; and</p> <p>(b) Those that reject the coverage in writing;</p> <p>(4) The amounts of insurance under the policy shall be based upon some plan precluding individual selection either by the members or by the union;</p> <p>(5) Nothing contained in this section shall require the termination of insurance for, or prohibit the contribution of all required premium by, an otherwise insured member who involuntarily becomes temporarily unemployed.</p>

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Trustee Groups	KRS 304.16-060	<p>The lives of a group of individuals may be insured under a policy issued to the trustees of a fund established by two (2) or more employers in the same industry or in related industries or by one (1) or more labor unions, or by one (1) or more employers and one (1) or more labor unions, which trustees shall be deemed the policyholder, to insure employees of the employers or members of the unions for the benefit of persons other than the employers or the unions, subject to the following requirements:</p> <p>(1) At no time shall a policy be issued to insure employees of any employer whose eligibility to participate in the fund as an employer arises out of considerations directly related to the employer's being a commercial correspondent or business client or patron of another employer, except where such other employer exercises substantial control over the business operations of the participating employers.</p> <p>(2) The persons eligible for insurance shall be all of the employees of the employers or all of the members of the unions, or all of any class or classes thereof determined by conditions pertaining to their employment, or to membership in the unions, or to both. The policy may provide that the term "employees" shall include retired employees or union members, and the individual proprietor or partners if an employer is an individual proprietor or a partnership. No director of a corporate employer shall be eligible for insurance under the policy unless such person is otherwise eligible as a bona fide employee of the corporation by performing services other than the usual duties of a director. No individual proprietor or partner shall be eligible for insurance under the policy unless he is actively engaged in and devotes a substantial part of his time to the conduct of the business of the proprietor or partnership. The policy may provide that the term "employees" shall include trustees or their employees, or both, if their duties are principally connected with such trusteeship.</p> <p>(3) The premium for the policy shall be paid by the trustees wholly from funds contributed by the employer or employers of the insured persons, or by the union or unions, or by both or partly from such funds and partly from funds contributed by the insured persons. A policy on which no part of the premium is to be derived from funds contributed by the insured persons specifically for their insurance shall insure all eligible persons, except those who reject the coverage in writing.</p> <p>(4) An insurer may exclude or limit the coverage on any person for whom evidence of individual insurability is not satisfactory to the insurer.</p> <p>(5) The amounts of insurance under the policy shall be based upon some plan precluding individual selection either by the insured persons or by the policyholder, employers or unions.</p>
Public Employee Groups	KRS 304.16-070	<p>(1) As used in this section, "employees" means employees of the United States government, or any state, or of any political subdivision or instrumentality of any of them, together with elective or appointed officers.</p> <p>(2) The lives of a group of individuals may be insured under a policy issued to any department or agency of the Commonwealth of Kentucky and its political subdivisions, state college or university, and school districts or to an association of public employees formed for purposes other than obtaining insurance, which association or departmental or agency head shall be deemed the policyholder, to insure members of such association or public employees for the benefit of persons other than the departmental or agency head, the association or any of its officials, subject to the following requirements:</p> <p>(a) The persons eligible for insurance under the policy shall be all members of the association or employees of the department or agency, or all of any class or classes thereof determined by conditions pertaining to their employment, or to membership in the association, or both. The policy may provide that "employees" includes retired employees.</p>

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		<p>(b) The premium for the policy shall be paid by the policyholder, either from the association's own funds, or from charges collected from the insured members or employees specifically for the insurance, or from both, or as may otherwise be authorized by existing or future legislation. Any charges collected from the insured members or employees specifically for the insurance, and the dues of the association if they include the cost of insurance, may be collected through deductions by the employer from salaries of the members or employees. Such deductions from salary may be paid by the employer to the association or directly to the insurer.</p> <p>(c) Charges collected from the insured members or employees specifically for the insurance, and the dues of the association if they include the cost of insurance, shall be determined according to each attained age or in not less than four (4) reasonably spaced attained age groups. In no event shall the rate of such dues or charges be level for all members or employees regardless of attained age.</p> <p>(d) The policy must cover at least ten (10) persons at the date of issue.</p> <p>(e) The amounts of insurance under the policy must be based upon some plan precluding individual selection either by the members, employees or by the association.</p> <p>(3) This section does not preclude the insuring of public employees under any other applicable provision of this subtitle.</p>
Association Groups	KRS 304.16-080	<p>(1) A policy may be issued to an association of employers, to an association (other than an association of public employees to whom KRS 304.16-070 is applicable) whose members are in the same industry, occupation or profession, or to a trust or to the trustees of a fund established, created, or maintained for the benefit of members of one (1) or more associations. The association or associations shall have:</p> <p>(a) At the outset a minimum of one hundred (100) persons;</p> <p>(b) Legally been in active existence for at least two (2) years;</p> <p>(c) A constitution and bylaws which provide that</p> <ol style="list-style-type: none"> 1. The association or associations hold regular meetings not less than annually to further purposes of the members; 2. Except for credit unions, the association or associations collect dues or solicit contributions from members; 3. Members have voting privileges and representation on the governing board and committees; and <p>(d) Been organized and maintained in good faith for purposes other than that of obtaining insurance.</p> <p>(2) Charges collected from the insured members or employees specifically for the insurance, and the dues of the association if they include the cost of insurance, shall be determined according to each attained age or in not less than four (4) reasonably spaced attained age groups. In no event shall the rate of such dues or charges be level for all members or employees regardless of attained age.</p> <p>(3) The policy shall be subject to the following requirements:</p> <p>(a) The policy shall insure members of the association or associations, employees thereof or employees of members, or one (1) or more of the preceding, or all of any class or classes thereof for the benefit of persons other than the employee's employer;</p> <p>(b) The premium for the policy shall be paid from funds contributed by the association or associations, or by employer members, or by both, or from funds contributed by the covered persons, or from both the covered persons and the association, associations, or employer members;</p>

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		<p>(c) Except as provided in paragraph (d) of this subsection, a policy on which the premium is not to be derived from funds contributed by the covered persons specifically for the insurance shall insure all persons, except those who reject the coverage in writing; and</p> <p>(d) An insurer may exclude or limit the coverage on any person for whom evidence of individual insurability is not satisfactory to the insurer.</p>
Dependents' coverage	KRS 304.16-085	<p>(1) Insurance under any group life insurance policy issued pursuant to KRS 304.16-030 (employee groups), KRS 304.16-050 (labor union groups), KRS 304.16-060 (trustee groups), KRS 304.16-070 (public employee groups) and KRS 304.16-080 (association groups) of this subtitle may be extended to insure the dependents, or any class or classes thereof, of each insured employee or member who so elects in amounts in accordance with a plan which precludes individual selection. A "dependent" is the husband or wife of the insured employee or member and an insured employee's or member's child under eighteen (18) years of age or his child eighteen (18) years or older who is attending an educational institution and relying upon the insured employee or member for financial support.</p> <p>(2) Premiums for the insurance on the dependents may be paid by the group policyholder, or by the employee or member or by the group policyholder and the employee or member jointly.</p> <p>(3) A husband or wife and dependents pursuant to this section shall have the same conversion right as to the insurance on his or her life as is vested in the employee or member.</p> <p>(4) Notwithstanding the provisions of KRS 304.16-180 (certificate; filing approval) only one (1) certificate need be issued for each family unit if a statement concerning any dependent's coverage is included in the certificate.</p>
Credit Union Groups	KRS 304.16-090	<p>The lives of a group of individuals may be insured under a policy issued to a credit union, or to a trustee or trustees or agents designated by two (2) or more credit unions, which shall be deemed the policyholder, to insure eligible members of the credit union or credit unions for the benefit of persons other than the credit union or credit unions, trustee or trustees, or agent, or its officials, subject to the following requirements:</p> <p>(1) The members eligible for insurance under the policy shall be all of the members of the credit union, or all except any for whom evidence of individual insurability is not satisfactory to the insurer, or all of any class or classes thereof.</p> <p>(2) The premium for the policy shall be paid by the policyholder from the credit union's funds. A policy shall insure all eligible members, or all except any for whom evidence of individual insurability is not satisfactory to the insurer.</p> <p>(3) The amounts of insurance under the policy must be based upon some plan precluding individual selection either by the insured members or by the policyholder.</p>
Provisions required in group contracts	KRS 304.16-110	<p>No policy of group life insurance shall be delivered in this state unless it contains in substance the standard provisions as required by KRS 304.16-120 to 304.16-210, inclusive, or provisions which in the opinion of the executive director are more favorable to the individuals insured, or at least as favorable to such individuals and more favorable to the policyholders; except, that:</p> <p>(1) Provisions set forth in KRS 304.16-170 to 304.16-210, inclusive, shall not apply to policies issued to a creditor to insure its debtors.</p> <p>(2) If the group life insurance policy is on a plan of insurance other than the term plan, it shall contain a nonforfeiture provision or provisions which in the opinion of the executive director is or are equitable to the insured persons and to the policyholder, but such nonforfeiture benefits are not required to be the same as those required for individual life insurance policies.</p>

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		(3) The standard provisions required for individual life insurance policies shall not apply to group life insurance policies.
Grace period	KRS 304.16-120	In all group life policies there shall be a provision that the policyholder is entitled to a grace period of thirty-one (31) days for the payment of any premium due except the first, during which grace period the death benefit coverage shall continue in force, unless the policyholder has given the insurer written notice of discontinuance in advance of the date of discontinuance and in accordance with the terms of the policy. The policy may provide that the policyholder shall be liable to the insurer for the payment of a pro rata premium for the time the policy was in force during such grace period.
Incontestability	KRS 304.16-130	There shall be a provision that the validity of the policy shall not be contested, except for nonpayment of premiums, after it has been in force for two (2) years from its date of issue; and that no statement made by an individual insured under the policy relating to this insurability shall be used in contesting the validity of the insurance with respect to which such statement was made after such insurance has been in force prior to the contest for a period of two (2) years during such individual's lifetime nor unless it is contained in a written instrument signed by him.
Application to be attached to policy; legal effect of statements in contract	KRS 304.16-140	There shall be a provision that a copy of the application, if any, of the policyholder shall be attached to the policy when issued; that all statements made by the policyholder or by the persons insured shall be deemed representations and not warranties; and that no statement made by any person insured shall be used in any contest unless a copy of the instrument containing the statement is or has been furnished to such person or to his beneficiary.
Evidence of insurability	KRS 304.16-150	There shall be a provision setting forth the conditions, if any, under which the insurer reserves the right to require a person eligible for insurance to furnish evidence of individual insurability satisfactory to the insurer as a condition to part or all of his coverage.
Effect of misstatement of age	KRS 304.16-160	There shall be a provision specifying an equitable adjustment of premiums or of benefits or of both to be made in the event the age of a person insured has been misstated, such provision to contain a clear statement of the method of adjustment to be used.
Beneficiary	KRS 304.16-170	<p>(1) There shall be a provision that any sum becoming due by reason of the death of the individual insured shall be payable to the beneficiary designated by such individual, subject to the provisions of the policy in the event there is no designated beneficiary, as to all or any part of such sum, living at the death of the individual insured and subject to any right reserved by the insurer in the policy and set forth in the certificate to pay, at its option a part of such sum not exceeding \$2000 to any person appearing to the insurer to be equitably entitled thereto by reason of having incurred funeral or other expenses incident to the last illness or death of the individual insured.</p> <p>(2) In the case of a group life insurance policy issued to an employer or the employer's trustee of a pension or other benefit plans established by an employer for the benefit of the employer's employees, there may be a provision in the policy that any sum becoming due by reason of the death of any insured shall be payable to the trustees of the pension or other benefit plan or fund.</p>
Certificate; filing; approval	KRS 304.16-180	The group life policy shall contain a provision that the insurer will issue to the policyholder, for delivery to each person insured and individual certificate, setting forth a statement as to the insurance protection to which he is entitled to whom the insurance benefits are payable and the rights and conditions set forth in KRS 304.16-190 to 304.16-210, inclusive.

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Conversion on termination of eligibility	KRS 304.16-190	<p>There shall be a provision that if the insurance, or any portion of it, on an individual covered under the policy, ceases because of termination of employment or of membership in the class or classes eligible for coverage under the policy, such individual shall be entitled to have issued to him by the insurer, without evidence of insurability, an individual policy of life insurance without disability or other supplementary benefits, provided application for the individual policy shall be made, and the first premium paid to the insurer, within thirty-one (31) days after such termination, and provided further that:</p> <p>(1) The individual policy shall, at the option of such individual, be on any one (1) of the forms, except term insurance, then customarily issued by the insurer at the age and for the amount applied for;</p> <p>(2) The individual policy shall be in an amount not in excess of the amount of life insurance which ceases because of such termination less, in the case of a person whose membership in the class or classes eligible for coverage terminates but who continues in employment in another class, the amount of any life insurance for which such person is or becomes eligible within thirty-one (31) days after such termination under any other group policy; provided that any amount of insurance which has matured on or before the date of such termination as an endowment payable to the individual insured, whether in one (1) sum or in installments or in the form of an annuity, shall not, for the purpose of this section, be included in the amount which is considered to cease because of such termination; and</p> <p>(3) The premium on the individual policy shall be at the insurer's then customary rate applicable to the form and amount of the individual policy, to the class of risk to which such individual then belongs, and to his age attained on the effective date of the individual policy.</p> <p>(4) Subject to the same conditions set forth in subsection (3) of this section, the conversion privilege shall be available:</p> <p>(a) To a surviving dependent, if any, at the death of the employee or member, with respect to the coverage under the group policy that terminates by reason of the death; and</p> <p>(b) To the dependent of the employee or member upon termination of coverage of the dependent, while the employee or member remains insured under the group policy, by reason of the dependent ceasing to be a qualified family member under the group policy.</p>
Conversion on termination of policy	KRS 304.16-200	<p>There shall be a provision that if the group policy terminates or is amended so as to terminate the insurance of any class of insured individuals, every individual insured thereunder at the date of termination, whose insurance terminates, including the insured dependent of a covered person, and who has been so insured for at least five (5) year prior to the termination date shall be entitled to have issued to him by the insurer an individual policy of life insurance, subject to the same conditions and limitations as are provided in KRS 304.16-190, except that the group policy may provide that the amount of the individual policy shall not exceed the smaller of:</p> <p>(1) The amount of the individual's life insurance protection ceasing because of the termination or amendment of the group policy, less the amount of any life insurance for which he is or becomes eligible under any group policy issued or reinstated by the same or another insurer within thirty-one (31) days of termination; and</p> <p>(2) \$10,000.</p>

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Death pending conversion	KRS 304.16-210	There shall be a provision that if a person insured under the group policy dies during the period within which he would have been entitled to have an individual policy issued to him in accordance with KRS 304.16-190 and 304.16-200, and before such an individual policy shall have become effective, the amount of life insurance which he would have been entitled to have issued to him under such individual policy shall be payable as a claim under the group policy, whether or not application for the individual policy or the payment of the first premium therefor has been made.
Information to debtor	KRS 304.16-220	A policy issued to a creditor to insure debtors of such creditor shall contain a provision that the insurer will furnish to the policyholder for delivery to each debtor insured under the policy a form which will contain a statement that the life of the debtor is insured under the policy and that any death benefit paid thereunder by reason of this death shall be applied to reduce or extinguish the indebtedness.